

Olivia Curreri

PRL 214

13 April 2022

Yes to Cap and Trade

The time for drastic climate reform is long overdue and we need immediate action now if we hope to save our future from catastrophic consequences. In a [recent UN climate report](#), hundreds of scientists across the world reported that there is still time to turn around the climate crisis this decade. The report states that to avert the worst climate catastrophes, the world has three years to start cutting emissions. Moreover, governments and corporations must invest more money and political will if we hope to slow the climate crisis. Based on this climate report, the best course of action in addressing the climate crisis is to enact a cap and trade regulatory program to pressure corporations to limit greenhouse gas emissions.

[Cap and trade](#) is a government enacted regulatory program which is designed to incentivize companies to reduce atmospheric carbon emissions. The cap is set by the government which caps the amount of greenhouse gas emissions for the company, and “the total amount of the cap is split into allowances, each permitting a company to emit one ton of emissions.” Then, “the government distributes the allowances to the companies.” Over time, the cap declines as companies slowly and efficiently reduce their emissions but still keep production costs down.

The program forces companies to pay for each ton of emissions they emit. This is important as it places accountability on the corporations whose carbon-intensive activities have remained unchecked for far too long. The “trade” part of the program gives the companies flexibility as it creates a “market for companies to buy and sell allowances that let them emit only a certain amount, as supply and demand set the price.” This program balances holding

companies accountable without imposing too strict government regulations by placing the choice in the hands of the corporations and the market.

A cap and trade program must be enacted as soon as possible because for far too long the responsibility has been put on the consumer to change their habits. Cap and trade is needed because it puts the spotlight on corporations to be more sustainable as their actions are much more damaging to the environment than an individual's actions. For example, "in 2011, the [U.S. power sector](#) contributed 41 percent of all U.S. emissions of carbon dioxide, the leading pollutant driving global warming." This policy would target the most polluting industries and companies and allow them to significantly cut emissions, which would drastically help the US reach the goals set by the UN.

Additionally, in a time of political division, a cap and trade policy is a middle ground for opponents of climate reform who do not want the government to set performance standards or dictate technology choices for individual facilities. Climate reform is needed urgently and time cannot be wasted in Congress arguing about semantics. A cap and trade policy is attractive to companies as this program is market-driven and allows companies to cost-effectively cut emissions in their own way. This climate policy is less polarizing than a direct carbon tax, as companies still maintain control of their emissions. Alternatively, companies are driven by their competitors to cut costs and lower emissions in order to optimize their profits, but they still have room to buy allowances if needed. Companies would be more likely to support cap and trade rather than a carbon tax, as a carbon tax would hurt their profits more through direct taxation as compared to cap and trade which offers companies the opportunity to possibly capitalize on their sustainable efforts, rather than hurt them. Therefore, with the likely support of many industries,

politicians would more likely pass this policy as it is less polarizing and controversial than other proposed policies.

Some opponents of this policy may say that cap and trade hurts the economy by controlling the means of production for companies. However, the opposite is true. Cap and trade puts a price on carbon and in turn drives investment decisions and spurs [market innovation](#). This program rewards companies that are leaders in sustainability by making it profitable to lower emissions as they can sell their leftover allowances to companies that are over the cap. Moreover, cap and trade allows companies to have the flexibility for their individual emissions sources to tailor their compliance path to their needs. Opponents of this policy simply do not understand the program and its plentiful benefits to companies and the economy.

Without immediate climate reform, our children's futures will be bleak and dangerous due to increased natural disasters, famine and sea-level rise. The most effective course of action to prevent this bleak reality is for the government to enact a cap and trade program. The US is the [2nd most polluting country](#) in the world and has the opportunity to truly change the course of history by enacting this policy.